DISCUSSION SHEET

Employees' Retirement Fund
Board of Trustees Meeting

September 10, 2019

Issue: Fiscal Year 2019-20 Budget

Attachment: Proposed ERF FY 2019-20 Budget

Discussion: The fiscal year budget is from 10/1/19 to 9/30/20. The proposed FY 2019-20 budget is $23,415,700 which includes recurring expenditures and special projects. The recurring expenditures are the operating costs and investment fees of the Fund. The recurring costs for FY 19-20 are $21,415,700 which is an increase of $1,676,600 over the prior year. This increase is primarily due to management fees resulting from an increase in assets under management.

The special projects category includes the upgrade of the pension accounting system. The upgrade is scheduled to be completed by the summer of 2020. The cost for the Special Projects in the 2019-20 budget is $2,000,000.

Highlights include:

- Investment management fees increased due to higher assets under management.
- Legal fees are projected to decrease to reflect anticipated fees for legal services provided to management and the Board.
- Election costs are projected to decrease due to one fewer election in FY 2019-20.
- Personnel costs are projected to increase primarily due to filling vacant positions and to fund merits.
- Rent is projected to increase in accordance with the terms of the rental agreement.
- The Special Projects category decreased. This category includes projects with a defined time period and cost. For FY 2019-20, this category includes the pension system upgrade which is anticipated to be completed in the summer of 2020.

In summary, the net decrease to the budget is $185,400, or 0.8% below the amended FY 2018-19 budget.

Recommendation: Approve the proposed budget for FY 2019-20. Suggested motion for the approval is as follows: Move approval of the proposed FY

2019-20 budget totaling $23,415,700 which is attached to this discussion sheet and authorize the Executive Director to administer the budget as noted below.

The Executive Director is authorized to expend, as required, up to 110% of each line item or $50,000 whichever is less of the funds appropriated herein, but in no instance, is the authorization given to exceed the total budgeted for each category (Administrative, Benefits Management, Investments Management, Capital, or Special Projects) without Board approval.

The Executive Director is authorized to negotiate and sign contracts which are required in the conduct of Fund business and funds have been approved in this budget. This authorization is limited to $50,000 per contract.

The Executive Director is authorized to pay pensions and member refunds which are authorized by law but are not specifically included in this budget.